

PD-ABW-965

United States Agency for International Development

**GAS REGULATORY AND
RESTRUCTURING ASSISTANCE
IN ROMANIA**

Contract
IQC No. LAG-I-00-98-00006-00
Task Order No. 814

FINAL REPORT

September 2000 – September 2002

NEXANT, Inc.
A Bechtel Affiliated Company



Nexant

23865-814-0010

A

**GAS REGULATORY AND
RESTRUCTURING ASSISTANCE
IN ROMANIA**

FINAL REPORT

Overview of Project Activities and Accomplishments

Summary

USAID's Gas Regulatory and Restructuring Assistance Project in Romania (hereinafter after referred to as "Project") was a two-year program (September 2000-September 2002) to support the efforts of the Romanian government in reforming the gas sector towards the objective of having a competitive free market for natural gas, within the framework of independent regulation, which would encourage private sector investment.

Principal achievements of the Project included:

- Adoption of a Commercial Code¹
- Adoption of a Technical Code²
- Adoption of a Public Participation Strategy for ANRGN³

These achievements are important in that, collectively, they provide a framework for the sustainability of a gas market, outside the control of the State, but within the purview of an independent regulatory authority.

The Project was implemented by Bechtel/Nexant⁴ under the full-time management of a resident Chief of Party and supported by two CCN positions and a Project Team, composed of management-level participants from each of the Project's counterpart organizations⁵.

¹ ANRGN Decision 636 of June 19, 2002 was published in *Monitor Oficial* number 506 on July 12, 2002.

² ANRGN Decision 616 of June 10, 2002, was published in *Monitor Oficial* number 408 on June 24, 2002.

³ Presented at ANRGN on December 19, 2001.

⁴ Nexant, Inc. ("Nexant"), a Bechtel Affiliated Company, succeeded Bechtel National Inc. in implementing USAID's IQC #LAG-I-00-98-0006; the Project is Task Order #814 of that IQC.

⁵ The Romanian National Gas Regulatory Authority ("ANRGN"), Disrigaz Nord, Disrigaz Sud, Romgaz and Transgaz.

The Project conducted 6 “Key Issues” seminars at venues around Romania, each of which featured senior-level guest speakers (several of whom were volunteers) from internationally recognized organizations⁶. One of these seminars was conducted as a joint event with a companion project funded by EU Phare. Round-table discussions at these seminars provided an open forum by which the Romanian participants could take leadership over raising and exploring key issues of concern to the gas sector’s reform process.

A focal point of the Project was a one-week Study Tour to Washington, DC in February 2002, during which participants selected from each of the counterpart organizations were able to meet with counterparts at Federal and State (the District of Columbia and Maryland) regulatory agencies, local gas distribution companies (Baltimore Gas & Electric; Washington Gas) and various trade associations (AGA, INGAA, Natural Gas Supply Assn.).

Encouraging comments from Project Team Members indicate that the Project’s activities in support of each of the focus areas have also been successful in providing access to new ideas and business approaches that can be applied in the years to come.

All Task Order activities as outlined in the Project’s Work Plans⁷ were completed on schedule by September 30, 2002, the Project’s originally estimated date of conclusion. The budget for the project was \$ 1,197,697; this amount includes \$ 861,049 for Labor and \$ 336,648 for other direct costs. The estimated cost to USAID (subject to final billing and audit) is \$1,189,279.47 or 99.3% of the authorized budget.

The Project provided 1,695 days Level of Effort (LoE) by 14 consultants and 6 “volunteers.” This LoE includes 448 person-days provided by the volunteers and, as such, exceeds by 28 % the Task Order requirement of 1,324 person-days without additional cost to USAID.

Objective

The objective of USAID’s Gas Regulatory and Restructuring Assistance Project in Romania (hereinafter referred to as “The Project”) was to provide technical assistance to the Romanian Ministry of Industry and Resources (“MoIR”), formerly Ministry of Industry and Trade (“MoIT”), the Romanian National Gas Regulatory Authority (“ANRGN”), and the gas sector companies that, prior to Romanian Governmental

⁶ Accenture, Emerging Markets Partnership, Federal Energy Regulatory Agency, Merrill Lynch.

⁷ Initial Work Plan dated Dec. 18, 2000, as modified by an Update on Aug. 15, 2001.

Decision No. 334 of April 2000, were part of the Romanian National Gas Company, ROMGAZ SA⁸.

The Project supports USAID's Strategic Objective 1.5: "A more economically sustainable and environmentally sound energy sector."

Assistance under The Project was provided in two areas:

- 1) Assistance to ANRGN, with participation of the gas sector companies, in establishing the rules of a liberalized, competitive natural gas market through the issuance of: (a) a Commercial Code, and (b) a Technical Code; and
- 2) Assistance to the successor companies of ROMGAZ in implementing reforms in the gas sector, by: (a) assisting the new companies to set up financial accounts, (b) assisting the Commercial Operator/Market Administrator to manage its responsibilities, and (c) assisting in defining the role and operations of the Gas Dispatcher/Transmission Operator.

Work began on September 25, 2000; project activities in Romania were concluded on September 27, 2002.

The First Year (September 2000-August 2001)

Initial Delays & Management Changes

The first year of the Project's period of performance was hampered by the distractions of the Romanian national elections in November and December 2000 and by numerous management changes at each of our counterpart organizations. In January 2001, Gheorghe Radu was appointed as President of ANRGN; he was the third President of our principal counterpart since its inception in the previous year.

On March 7, 2001, Christopher Turner, the Chief of Party and resident project manager, resigned. On April 4, 2001, Robert Borgstrom was approved by USAID to replace Mr. Turner as Chief of Party and resident Project Manager; he had served in Bucharest as

⁸ Governmental Decision No. 334 of April 2000 dissolved the National Gas Company, "ROMGAZ SA," and created the following state-owned corporations for the production, transportation, storage and distribution of natural gas in Romania: Transgaz (transmission), Exprogaz (production), Depogaz (storage), Distrigaz Nord (distribution), and Distrigaz Sud (distribution). On June 14, 2001, Governmental Decision No 575 merged Exprogaz with Depogaz to form a new company for production and storage under the name ROMGAZ, SA.

acting Project Manager since Mr. Turner's resignation. Following a period for re-location, Mr. Borgstrom began his residency in Bucharest on April 30, 2001.

1st & 2nd Key Issues Seminars

With the new manager in residence, the Project moved forward on an accelerated basis. The first two in a series of "Key Issues" Seminars were held at Bazna in May and June 2001; these seminars served as an opportunity to introduce the project to our counterparts as well as to explore the basic issues that would form the framework for our Project's activities. Our 2nd Seminar included guest presentations by Peter Danforth, who had, before his retirement from Bechtel, worked on USAID-funded projects in Romania and elsewhere throughout Central and Eastern Europe in the 1990's; and by Richard Waryn, a director of the Emerging Markets Partnership (Washington, DC) who spoke on international investments with a view to forthcoming private sector investments in the Romanian gas sector.

Over the summer months, the new CoP and USAID CTO in Bucharest worked together to revise the Work Plan and Task budgets and position the Project for a "second year" of activities that would be focused on four areas:

- The drafting of a Commercial Code, which would provide the framework for market-based transactions amongst sector participants. - The resulting Commercial Code was published in the *Monitor Oficial* (Official Gazette) on July 12, 2002.
- The drafting of a Technical Code, which would ensure quality of service, safety and environmental protection along with the harmonization of standards with neighboring countries. - The resulting Technical Code was published in the *Monitor Oficial* on June 24, 2002.
- The drafting and implementation of a Public Participation Strategy for ANRGN, which would involve stakeholders in ANRGN's decision-making process. - ANRGN Public Participation Strategy was presented on December 19, 2001. And
- The resolution of issues related to the financial sustainability of the gas companies that had been created by the restructuring of Romgaz in 2000.

To enhance the series of Key Issues Seminars (which began in May 2001), a series of monthly "In-House" Seminars was conducted at ANRGN's headquarters for an informal discussion of issues pertinent to the project and its focus areas. The first of these seminars was held in August 2001. Several of these seminars included presentations by

visiting consultants and provided, thereby, an opportunity for our counterparts to learn about the various objectives of our Project.

The Second Year
(September 2001-September 2002)

The Project's "second year" began in September 2001 with a visit to Romania by the Project's training advisor, Sue Rollins (Development Associates). The purpose of Ms. Rollins' visit was to update her February 2001 Training Needs Assessment and to work with the Project Manager in developing a program that would address the focus area issues. The resulting program included the following elements:

- The selection of a Project Team composed of members from our counterpart organizations. Nominations were made by the Presidents/General Directors of those organizations and, to the extent practicable, nominees were to come from the "middle management" ranks. The objective was to provide this training opportunity not to the senior level of political appointees, but to the staff members who would become the next generation of management.
- Project Team members were to participate in a Seminar (our 4th Key Issues Seminar), which would be conducted to identify issues for further study by the Project Team. The members of the Project Team would summarize work in progress in each of the project's four focus areas and highlight issues for further consideration. Round-tables, assisted by consultants, were convened at this Seminar for follow-up discussions of the issues. The seminar would conclude with reports from each of the Round-tables, framing questions to be explored in the next phase of the program, a Study Tour to the USA.
- A sub-set of the Project Team would participate in a Study Tour to Washington, DC to visit with counterparts at Federal, State (and District) regulatory agencies, gas companies and trade associations.
- Project Team members would make recommendations based upon their study of the identified issues and experiences during the study tour. A seminar (our 5th Key Issues Seminar) would be conducted for that purpose. At that seminar, the participants will make reports to their colleagues in Romania about lessons learned, conclusions to be drawn and recommendations for implementation

3rd Key Issues Seminar – A Joint USAID/EU Phare Event

The Project Manager announced this program during the 3rd of our Key Issues Seminars on September 27-28, 2001 at Poiana Brasov. This seminar was held jointly with the companion EU Phare-funded project, which provided assistance to ANRGN in complementary areas. The Seminar included a guest presentation by David Foti, a senior manager with Accenture (Houston, Texas) on the financial analysis of business structures. This presentation was timely in that, during the summer, Depogaz and Exprogaz, two of the entities that resulted from the restructuring of Romgaz, merged and formed a new business unit taking the old name “Romgaz.”

Project Team Selection

In October, the Chief of Party met separately with the senior management of each of those units to explain this new phase of our project, to outline the duties and responsibilities of Team Members and to request nominations for the Project Team. The following Team was the result of that selection process:

Project Team

(* Study Tour Participants)

Commercial Code

Mihai Goage (ANRGN)*
Cosmina Hertioaga (Transgaz)
Radu Moldovan (Transgaz)
Ionut Pampu (ANRGN)
Gheorghe Stefan (Dispatch Center/Transgaz)*
Lucian Stancu (Romgaz)
Bogdan Stanica (ANRGN)

Technical Code

Vasile Florea (ANRGN)
Marius Nenisanu (ANRGN)*¹
Vlad Pavlovschi (Transgaz)*
Dumitru Rotar (Romgaz)*
Emil Varvara (Romgaz)

¹ Left ANRGN in June 2002 to join Distrigaz-Nord.

+

6

Public Participation

Denisa Brailescu (ANRGN)¹
Carmen Perniu (ANRGN)*

Financial Sustainability of the New Gas Companies

Mihai Armencea (Distrigaz-Sud)
Gheorghe Ilescu (Distrigaz-Sud)
Marioara Neagu (Distrigaz-Sud)*
Marcela Oltean (Distrigaz-Nord)*²
Dan Pantille (Distrigaz-Sud)*³

Public Participation Strategy

On December 19, 2001, ANRGN's Public Participation Strategy was presented at an In-House Seminar. In anticipation of implementing this Strategy, a "practice public meeting" was conducted at ANRGN's headquarters on January 18.

4th Key Issues Seminar

Our 4th Key Issues Seminar was held on January 17-18, 2002 in Bucharest. In addition to the focus area presentations, there was a guest presentation on Regulatory Law Issues by William Froehlich, Lead Counsel of the Administrative Department of the Federal Energy Regulatory Commission. The meeting was well attended, not only by each of the Study Tour participants, but by representatives of each of our counterpart organizations. We also had the strong support of the Ministry of Industry and Resources through the active participation in each session by Mrs. Rodica Dumitriu, Advisor to the Minister, and Ms. Anca Marica, Deputy General Director. Mr. Gheorghe Radu, president of ANRGN, was also present and by his own attentive participation in the presentations and discussions, provided senior level leadership, which stressed the importance of our program in promoting Romanian's efforts to reform the gas sector.

Study Tour

Our Project's Study Tour to the USA occurred over the period 23 February – 2 March, 2002 and included visits to the following organizations:

¹ Resigned from ANRGN during the 2nd Quarter 2002.

² Left Distrigaz-Nord in April 2002 to join ANRGN as a General Manager.

³ Left Distrigaz-Sud in March 2002 to join ANRGN as its 4th President.

x

7

American Gas Association
Baltimore Gas & Electric Company
Federal Energy Regulatory Commission
Interstate Natural Gas Association of America
Maryland Public Service Commission
Natural Gas Supply Association
Public Service Commission of the District of Columbia
Washington Gas

The 9 members of the Project Team were led by Florin Tobescu (Nexant – Bucharest) and assisted by Doina Badea (ANRGN), an interpreter. The Project Manager and Virgil Musatescu, USAID CTO, also participated in the Tour.

It's objective was to provide the participants with the opportunity of meeting a broad spectrum of players in the US natural gas industry – from Federal and local regulatory bodies to private gas companies and trade associations – in order that they could learn how these entities function in relation to one another as well as how various industry issues (related to our project's focus areas) are addressed in the USA.

The objective of these meetings was *not* that a particular American model or approach could necessarily be applied to Romanian conditions, but rather that the participants could gain from the experiences of counterparts in the USA and then identify and apply elements of those experiences which best suit the evolving economic situation in Romania.

The participant responses indicated that the Study Tour met “many” needs and, therefore, project objectives. The meetings at the gas companies, which were organized around a mix of overview “lectures” and smaller-group discussions, were particularly well received.

Management Changes at ANRGN

Although the sixth quarter of our Project began with considerable optimism and several important accomplishments, the period ended with unexpected changes at ANRGN, once again the result of political intervention.

In March, Gheorghe Radu, president of ANRGN was suddenly dismissed by the Prime Minister upon the recommendation of the Minister of Industry and Resources. This political intervention tested the credibility of ANRGN as an independent regulatory authority and disrupted the continuity of our Project. Mr. Radu's abrupt dismissal concluded a constructive working relationship that had fostered our project's successes.

2

8

His support of our project had been demonstrated by his pro-active participation in the 1st, 3rd and 4th of the Key Issues Seminar, in the first and subsequent In House Seminars and in numerous meetings with project management.

Mr. Radu was replaced by Dan Pantilie, formerly of Distrigaz Sud. Mr. Pantilie is the fourth president at ANRGN since it was founded in January 2000. The relationship with ANRGN's new president was always cordial and, indeed, Mr. Pantilie made public statements in support of our Project and the continuation of USAID's assistance to ANRGN. However, it is fair to note that Mr. Pantilie faces many other priorities in his new position and did not focus the same degree of attention upon the Project as did his predecessor.

Additionally, Dan Morari, general director at ANRGN, resigned at the end of March to take a management position at Congaz, a natural gas distribution company owned, in part, by Ruhrgaz. Mr. Morari was the Project's primary counterpart with whom we had had the most cordial and constructive of relationships. The replacement of Mr. Radu and resignation of Mr. Morari, along with a restructuring of ANRGN's organization chart caused the Project to re-establish an entirely new working relationship with our principal counterpart at almost every level relevant to our activities.

Funding Crisis

In April, Project activities were suspended due to the temporary interruption of USAID funding. Although our USAID-approved Work Plan was based upon the full utilization of our total contract level (\$1,197,697), by the beginning of 2002, USAID's funding for our project was still only \$850,000, of which 91.1% had been spent. It had been expected that the remainder of our funding would be provided by USAID's FY-2002 budget, which was to have taken effect on 1 October 2001. In February, an "emergency" increment of \$150,035 enabled the conduct our Study Tour to the USA, but the total funding, \$1,000,035 (of which 97.3% had been spent by March 31, 2002) was insufficient to continue project operations after mid-April. The crisis was exacerbated by USAID's simultaneous announcement of an "indefinite hold" on funding for the Region. On 15 April it was necessary to stop all but essential project office activities.

Believing strongly in the importance of conducting the 5th Key Issues Seminar, scheduled for May 9th, as a culminating event in the training/Study Tour program that had been the focus of project and counterpart activities since September 2001, Nexant, Inc., "volunteered" the services of the Chief of Party through May 10 and Mr. Borgström, personally guaranteed the expenses of the 5th Key Issues Seminar against the possibility that USAID funding would not be available to support this event.

3

On May 3, USAID released its “hold” on funding and project activities were immediately resumed. Significantly, however, the project’s progress came to a halt for virtually the entire month of April. Because of recent changes in the management of ANRGN and the lower priority that new management had given to our Project, this was a crucial opportunity for USAID to demonstrate its own commitment to goals of the project.

5th Key Issues Seminar

On May 9th the 5th Key Issues Seminar was conducted as a forum for Project Team reports. This seminar, which achieved the conclusive objectives of our training program, was attended by each of the Study Tour participants as well as other representatives from our counterpart organizations. We had the continuing support of ANRGN through the participation of its President, Mr. Dan Pantilie, and Vice President, Mr. Mihai Ciocodeica; and of the Ministry of Industry and Resources through the participation of Ms. Anca Marica, Deputy General Director. Mr. Pantilie, president of ANRGN, made opening remarks that included his personal endorsement of the project.

Following-up an in-house conference on April 2 to follow-up the Study Tour and make preparations for the 5th Key Issues Seminar, the Study Tour participants made reports to their Romanian colleagues about lessons learned, conclusions to be drawn and recommendations for implementation.

With guest presentations on investment and privatization experience, the seminar also served to focus the remaining months of our project on financial sustainability issues with particular reference to private sector investment in the distribution companies. Our Guest Speaker was Mr. William J. Moran, Jr., Vice President, Merrill Lynch, Washington, DC.

Relocation of Office Facilities

A further challenge to the project’s viability was the disruption of our activities caused by ANRGN’s move to a new headquarters building. This move, which had been in the “talking” stages for many months, took place abruptly on May 16th. Although it had been assumed in our Proposal to USAID, and agreed by ANRGN’s management since the inception of the project, that ANRGN would provide the project with private office space for its staff and visiting consultants, ANRGN’s new headquarters building had insufficient space to accommodate the Project’s needs. After the move took place, it was decided – in meetings with the project manager, ANRGN and Transgaz – that the project manager and the project’s senior technical advisor would remain in the Project’s former

office at the “old” headquarters building, which was the property of Transgaz⁴. The project’s formerly full-time clerical assistant, who was an ANRGN employee⁵, moved to ANRGN’s new headquarters and provided translation services to the Project on an as-requested basis.

Market Rules

Despite these challenges, the Commercial Code and the Technical Code were completed and published in the *Monitor Oficial* on July 12 and June 24, 2002 respectively.

The publication of these rules is of great importance, not only from the perspective of our project, but for the creation of a framework for a free market for natural gas in Romania. USAID, through our project, supported this critical effort with technical assistance and advisory services that included on-site consulting, seminars and a Study Tour to the USA. William Cochran led this effort with respect to the Technical Code; assistance with the Commercial Code was led by Robert Borgstrom. Final comments were prepared by the Project Team based upon discussions at meetings in Bucharest and Medias during the summer. These final views were presented at our closing seminar in September and, it is hoped that they will serve as the basis for the continuous monitoring and improvement of the Codes, which will ensure the vitality and sustainability of these critical documents.

6th Key Issues Seminar

The Project’s final seminar was conducted in Bucharest on 19 September. The objectives of this meeting were: (1) to review, critically, the accomplishments of our project, and (2) to discuss next steps for possible future projects. Constructive and congratulatory opening messages were provided on behalf of the Ministry of Industry and Resources; by Mihai Goage on behalf of ANRGN’s president, Dan Pantilie; and by Gheorghe Radu, now with Romgaz, who was ANRGN’s president from January 2001 through March 2002.

It was encouraging that, in giving the floor to the Project Team members who were present, each said that our project effort had provided them with new information and perspectives – “new tools” – that could be applied to their current and future tasks.

⁴ Appreciation is extended to Mr. Gabriel Cocone, General Director, Transgaz (Medias), and Mr. Gheorghe Stefan, Director, Transgaz (Bucharest) for their assistance in accommodating our Project after ANRGN’s relocation.

⁵ Ms. Doina Badea, an employee of ANRGN, has been assigned to work for the project since its inception; her services have been without cost to USAID. Prior to 30 June 2001, Nexant, Inc. compensated ANRGN for Ms. Badea’s services; from 1 July 2001 through 16 May 2002, Ms. Badea’s services were contributed by ANRGN without charge.

8

There were interesting and useful discussions of the Commercial and Technical Codes and the comments raised by the consultants.

Mr. Constantin Nedelcu of the Privatization office made an interesting and timely presentation on the Ministry's plans for private sector investment in Distrigaz-Nord and Distrigaz-Sud. It was disappointing that there were no comments provided by Disgtrigaz-Nord or Disrigaz-Sud. The absence of a view from our Project Team on this subject underscores the reality that the company management's are taking a re-active position on privatization of their businesses. Even if strategic decisions are being taken at the level of the Ministry (and above), there are many things that the companies can be doing to make themselves more efficient and business-oriented – i.e. commercially attractive to potential investors – and this is, apparently, not being done. This lack of initiative is particularly troubling in that it will be the managers and workers of Distrigaz-Nord and Distrigaz-Sud who have the most to gain (or lose) by privatization, since they must quickly learn to make the transition from state-ownership and direction to the more competitive world of private sector initiative.

There was also a discussion of ANRGN's public participation strategy. This strategy was developed in December 2001 with the expectation that public meetings would soon be held to explain ANRGN's regulatory decisions and helps educate and involve stakeholders with respect to pertinent gas sector issues. It is troubling that, by September 2002, there has still been no out-reach by ANRGN into the stakeholder community, particularly since there had been plans to do so under ANRGN's previous management. At the seminar we were told that public meetings would be conducted in the future.

Office Closure

The project office in Bucharest closed on Friday, 20 September. Project activities were completed on Friday, 27 September, with the handing-over of the computer equipment to ANRGN. The Chief of Party ended his residency in Romania on Saturday, 28 September.

Comments

- Despite the achievements of our Project, it is unfortunate to note that the dissemination of information is still closely controlled by state authorities without apparent regard for the value to be derived from an approach that is more open and which encourages broader input and debate. Although our colleagues were reasonably frank in these small group discussions, in general our partners are still very much reluctant to speak openly. The present level of control exerts a powerful distinctive for the freedom of thought and openness of dialogue that is necessary if (1) the Romanian gas companies are to participate in the economic

6

17

benefits of private sector investment; and (2) the workers and managers of the gas sector, as represented by our colleagues, are to be successful competitors for employment in the newly-privatized units

- We have continuously stressed that the basis of our project is a simple principle – i.e. that the free market is the best guarantor of the public interest. It is only by accepting this principle that the efforts of our project can meaningfully be applied to the problems of Romania's gas sector. It was disturbing, therefore, that the majority of our Project Team members do not believe that there is a broad acceptance by Romanians of this principle.
- ANRGN has yet to implement the Public Participation Strategy, which would have involved the holding of public meetings to educate customers about gas sector issues as well as to involve stakeholders in ANRGN's decision-making process. We are told that there will be public meetings in the future, but implementing the Public Participation Strategy should be an urgent priority for ANRGN's management.
- The Ministry of Industry and Resources' efforts toward the privatization of Distrigaz Nord and Distrigaz Sud, which was a key element in our focus on Financial Sustainability, are centered in a Privatization Office and function without the level of involvement from the companies to be privatized that build broader acceptance of the process and better encourage private sector investment.

Budget Activity

As of September 30, 2002, Project Activities fully utilized our project's budgeted resources. Owing to an increase of volunteer participation, the project provided 128% of the planned LoE without additional cost to USAID.

T

Appendix A: Schedule of Tasks & Deliverables

Appendix A

Schedule of Tasks & Deliverables

1. Work Plans

- 1.1. Work Plan
- 1.2. Revised Work Plan

2. Quarterly Status Reports

- 2.1. Quarterly Status Report 1 – October-December 2000
- 2.2. Quarterly Status Report 2 – January-March 2001
- 2.3. Quarterly Status Report 3 – April-June 2001
- 2.4. Quarterly Status Report 4 – July-September 2001
- 2.5. Quarterly Status Report 5 – October-December 2001
- 2.6. Quarterly Status Report 6 – January-March 2002
- 2.7. Quarterly Status Report 7 – April-June 2002
- 2.8. Quarterly Status Report 8 – July-September 2002

3. Completion Report

4. Technical Reports

Task 2 – Technical Assistance to Regulation of Gas Markets

Sub-Task 2.1 – Market Rules

Market Mode

- 2.1.1 Technical Memorandum on Gas Industry Market Structures in Other European Countries (Task 2.1.1)
- 2.1.2 Technical Memorandum on Proposed Market Model for Romania
- 2.1.3 Commercial Code
 - 2.1.3.1 Discussion paper outlining a recommended Commercial Code
 - 2.1.3.2 Comments on drafts of Commercial Codes by ANRGN
 - 2.1.3.3 Other memoranda on Commercial Code issues
- 2.1.4 Technical Code
 - 2.1.4.1 Discussion paper outlining a recommended Technical Code
 - 2.1.4.2 Comments on drafts of Technical Codes by ANRGN
 - 2.1.4.3 Other memoranda on Technical Code issues

Appendix A: Schedule of Tasks & Deliverables

Sub-Task 2.2 – Public Information

- 2.2.1 Strategy for communications with the public
- 2.2.2 Reports on public participation events¹
- 2.2.3 Papers for public dissemination¹
- 2.2.4 Other memoranda on developing public information

Sub-Task 2.3 – Training

- 2.3.1 Training Needs Assessment
 - 2.3.1.1 1st Year Assessment – Feb. 2001
 - 2.3.1.2 2nd Year Assessment – Sept. 2001
- 2.3.2 Key Issues Seminar 1 – Regulatory Issues (May 24, 2001)
- 2.3.3 Key Issues Seminar 2 – Gas Industry Issues (June 7, 2001)
- 2.3.4 In-House Conference on Public Participation Strategy (December 2001)²
- 2.3.5 Reports from attendance at Regional Meetings in CEE/NIS under USAID Sponsorship
- 2.3.6 Regulatory Law Seminar (January 2002)³

Task 3 – Technical Assistance to the Gas Industry

Sub-Task 3.1 – Financial Sustainability of the New Gas Companies

- 3.1.1 (Included within 2.3.3)
- 3.1.2 Report on Financial Unbundling of ROMGAZ (ongoing)
- 3.1.3 Other Memoranda

Sub-Task 3.2 – Establishment of Commercial Operator

- 3.2.1 Technical Memorandum on Organization & Management
- 3.2.2 Recommendations on Design/Operational Issues
- 3.2.3 Comments on Rules and Methods proposed by counterparts

Sub-Task 3.3 – Strengthening of the Gas Transmission Dispatcher (2nd Quarter 2002)

- 3.3.1 Technical Memorandum on Organization & Management
- 3.3.2 Comments on Rules and Methods proposed by Gas Dispatcher
- 3.3.3 Report on Resource Requirements

Sub-Task 3.4 – Training

- 3.4.1 An updated Training Needs Assessment (September 2001)
- 3.4.2 Joint USAID/EU Conference on Gas Sector Transitional Issues (Sept. 2002)

¹ ANRGN has not implemented the Public Participation Strategy that was developed in December 2001; despite consultant recommendations and offers of support, no follow-on activities have been scheduled.

² Topics presented at the Joint USAID/EU Conference on Sept. 27-28, 2001. An in-house conference on Public Participation was conducted at ANRGN on Dec. 19, 2002; ongoing activities are scheduled for 2002.

³ The “Regulatory Law Seminar” was included within the program of the 4th Key Issues Seminar on January 17-18, 2002.

Appendix A: Schedule of Tasks & Deliverables

- 3.4.3 4th Key Issues Seminar (January 2002)– Market Rules⁴ - Market Operator, Dispatching Issues⁵
- 3.4.4 Study Tour to the USA (February 2002)
- 3.4.5 Seminar to Follow-up the Study Tour⁶ (5th Key Issues Seminar - May 2002) Financial Sustainability
- 3.4.6 An Additional Seminar – (6th Key Issues Seminar – September 2002) Wrap-up; next steps.
- 3.4.7 Other trainings to be determined based upon the updated Training Needs Assessment.

⁴ 4th Key Issues Seminar covered all four project focus areas: Market Rules-Commercial Code; Market Rules-Technical Code; Public Participation and Financial Sustainability.

⁵ Market Operator and Dispatching issues to be included in a future seminar, based upon analyses to be conducted during the 2nd quarter 2002.

⁶ Study tour reports to be included within the program of the 5th Key Issues Seminar on May 9, 2002.

Appendix B: Time Line

Major Project Activities

2000

Sept. 24 Contract Awarded
Dec. 18 Work Plan Approved

2001

March 7 Christopher Turner resigns as Chief of Party & Project Manager
April 4 Robert Borgstrom approved by USAID as Chief of Party & Project Manager
May 24 1st Key Issues Seminar (Bazna)
June 7 2nd Key Issues Seminar (Bazna)
Aug. 15 Updated Work Plan Approved
In House Conference – Commercial Code
Sept. 12 In House Conference – Training
Sept. 27-28 3rd Key Issues Seminar – Jointly with EUPhare Project (Poiana Brasov)
Oct. 4 In House Conference – Public Participation
Oct. 10 In House Conference – Technical Code
Nov. 29 In House Conference – Technical Code
Dec. 19 In House Conference – Public Participation

2002

Jan. 17-18 4th Key Issues Seminar (Bucharest)
Jan. 18 Practice Public Meeting
Feb. 22 - Mar 2 Study Tour to Washington, DC

Gas Restructuring and
Regulatory Assistance in Romania
Final Report

Appendix B: Time Line

April 15 - May 5	USAID Funding Suspended
April 24-26	Energy Regulators Regional Association's 1 st Energy Regulation & Investment Conference for Central/Eastern Europe and CIS (Budapest) ¹
May 9	<u>5th Key Issues Seminar</u> (Bucharest)
May 16	ANRGN relocates headquarters
June 9-13	World Energy Council's Regional Energy Forum, (Neptun)
Sept. 19	<u>6th Key Issues Seminar</u> (Bucharest)
Sept. 20	Project Office Closes
Sept. 26	Hand-over of Project's Computers to ANRGN
Sept. 27	All Project Activities Conclude

¹ Funding contributed by Nexant, Inc.

Appendix C: Consultant Participation

Project Management and Staff

Chief of Party

Borgstrom, Robert – Chief of Party (April 2001-Sept.2002)
Turner, Christopher – Chief of Party (Sept. 2000-March 2001)

Short-Term (in Romania)

Banks, John – Finance/Trade, Market
Borgstrom, Robert – Policy Specialist (Sept. 2000-March 2001)
Cochran, William – Energy Economist
Ebinger, Charles – Regulatory Advisor
Foord, Jonathan – Finance/Trade, Market
Velody, Mark – Finance/Trade, Market
Rollins, Sue - Training
Tobescu, Florin – Technical Advisor
Zimmermann, Charles – Regulatory Advisor

Short-Term (in USA Only)

Babcock, Antoinette - Administrative
Cohill, Elsa - Logistics/Study Tour
Holdermann, Lisa - Logistics/Study Tour
Skelton, Ann - Training

Volunteers

Badea, Doina (ANRGN) – Interpreter
Borgstrom, Robert (Nexant) – Chief of Party (April 15-May 3)
Danforth, Peter – 2nd Key Issues Seminar & Study Tour
Foti, David (Accenture) – 3rd Key Issues Seminar
Froehlich, William (FERC) – 4th Key Issues Seminar & Study Tour
Moran, William (Merrill Lynch) – 5th Key Issues Seminar